LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6147
BILL NUMBER: HB 1096

NOTE PREPARED: Feb 24, 2009
BILL AMENDED: Feb 20, 2009

SUBJECT: Mortgage Deduction Application.

FIRST AUTHOR: Rep. Barnes
FIRST SPONSOR: Sen. Merritt

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides that a sales disclosure form properly filed by the purchaser of a residence constitutes an application for the property tax standard deduction.

This bill also provides two ways of applying for a mortgage deduction: (1) the person recording the mortgage, contract, or memorandum may file a statement with the county recorder; or (2) the person claiming the mortgage deduction may file a statement with the county auditor.

Effective Date: Upon passage; January 1, 2009 (retroactive).

Explanation of State Expenditures: (Revised) Under current law, the purchaser of a homestead may, on the sales disclosure form, claim the homestead credit and the solar power, wind power, hydroelectric power, and geothermal system deductions. Homeowners that receive the homestead credit automatically receive the standard deduction as well.

This bill changes the application for the homestead credit to an application for the standard deduction in accordance with the conclusion of the homestead credit program. The claim for the standard deduction would remain a part of the sales disclosure form.

The Department of Local Government Finance (DLGF) designs the sales disclosure form and also maintains a web site for electronic entry of the forms. Minor changes would need to be made to both the paper form and the web site to allow for the changes under this bill. The DLGF should be able to make these changes with its existing level of resources.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) Under current law, a property owner with mortgaged property may receive a property tax deduction of up to $3,000 against the assessed value of the property. The property owner must file a statement with the county auditor to receive the deduction.

Under this bill, the person who records the mortgage may file the deduction claim on behalf of the property owner. The claim must be signed by the property owner. This proposal could make it simpler for a mortgaged property owner to claim the mortgage deduction. Total mortgage deductions could increase slightly under this bill.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: County auditors.

Information Sources:

Fiscal Analyst: Bob Sigalow, 317-232-9859.